https://www.wealthmanagement.com/technology/wealthstack-roundup-eu-passes-artificial-intelligence-act

FREDERICK FLORIN/AFP via Getty Images

Members of the European Parliament take part in a voting session about the Artificial Intelligence Act.

TECHNOLOGY

WealthStack Roundup: EU Passes Artificial Intelligence Act

Also, Advisor360 releases its 2023 Connected Wealth Report results, Ned Dane joins AdvisorEngine as chief growth officer, and Betterment partners in 529 plan rollout.

Rob Burgess | Jun 15, 2023

The struggle by governments across the world to regulate the use of artificial intelligence reached a major milestone this week.

Lawmakers in Europe signed off Wednesday on the world's first set of comprehensive rules for artificial intelligence, according to the Associated Press. The Artificial Intelligence Act, first proposed in 2021, will govern any product or service that uses an AI system. The act will classify AI systems according to four levels of risk, from minimal to unacceptable. Riskier applications, such as for hiring or tech targeted to children, will face tougher requirements, including transparency requirements and use of accurate data.

All eyes are on other governments, including the U.S. and the U.K., to pass similar legislation. Last month, OpenAI CEO Sam Altman told a Senate hearing that governments must enact such standards to mitigate the risks of AI.

Eduardo Azanza, CEO of European digital identity and biometrics provider Veridas, called the passage of the Artificial Intelligence Act an important moment.

“For technologies such as AI and biometrics to ever be successful, it is essential that there is trust from businesses and the wider public,” wrote Azanza, in a prepared statement, noting the critical need for standards.

“There must be clearly defined responsibilities and chains of accountability for all parties, as well as a high degree of transparency for the processes involved,” stated Azanza.

Advisor360 Releases ‘2023 Connected Wealth Report: Client Edition’

The results of a newly released survey showed that while online and mobile portfolio access is growing, clients still have a high degree of interest in connecting personally with their advisors.

Technology platform provider Advisor360 released the results of its “2023 Connected Wealth Report: Client Edition,” which sought to gauge respondents’ feelings about the role that their financial or insurance advisor’s technology plays in their relationship.

The nationwide survey went out in April and May and queried 2,000 mass affluent and high-net-worth individuals with at least $250,000 in investable assets. The average assets under management of those who responded was $568,342.

Around one-third, 35%, of respondents were older millennials or younger Generation X between 36 and 51 years old. Around another third, 35%, were older Generation X or younger baby boomers between 52 and 67 years old. The remaining 30% was split between those 35 and under and those 68 and older.

There was a measurable difference in the frequency of digital interactions, especially among younger investors. A third of Generation Z and young millennials reported that they check their account balances online daily, more than double the 15% of older clients who do. Over half, 52%, of older Generation Z and young millennials have changed or not hired an advisor because of poor technology.

In addition to age, the pandemic also had a measurable effect on online usage. Nearly seven in 10 clients of advisors, 69%, spend more time

checking their accounts online than they did two years ago. Nearly three in four, 74%, check their portfolios at least weekly.

Even with all this self-directed online behavior, the majority reported still wanting to work with an advisor to update their online profiles, move money and share documents.

The vast majority, 82%, of clients say their advisors offer a client portal, and an even higher percentage, 91%, report that their experience was a good one.

Meeting face-to-face with advisors was much preferred, but over three quarters, 76%, reported that mobile portfolio access helped to drive engagement during these interactions.

The vast majority of those surveyed, 86%, wanted their advisor to have a comprehensive view of their wealth and assets, but less than half of that number, 40%, felt they had that currently.

Ned Dane Joins AdvisorEngine as Chief Growth Officer

Digital wealth platform and technology provider AdvisorEngine announced that Ned Dane had been hired as chief growth officer.

Before joining AdvisorEngine, Dane was chief strategy officer at AI software firm Aidentified. His career includes senior roles at Merrill Lynch, AXA Advisors, OppenheimerFunds and Putnam Investments.

AdvisorEngine works with 1,200 financial advisory firms in the U.S. and has more than $600 billion in assets under advisement on its platform.

In May 2020, Franklin Templeton announced it had acquired AdvisorEngine, from previous investor WisdomTree. An ETF provider, WisdomTree paid $20 million for a 36% equity stake in AdvisorEngine in 2016 to put its asset allocation models on the technology firm's platform and move AdvisorEngine into its network of advisor clients. Later they bought Kredible, a digital prospecting tool for advisors, for $5 million, and in 2018 WisdomTree put $30 million into AdvisorEngine's acquisition of Junxure, the popular RIA customer relationship management application. In January 2022, AdvisorEngine retired the Junxure brand.

Betterment Partners With Ascensus in Adding 529 Plans

Betterment at Work, the robo advisor's workplace retirement plan platform, launched a new 529 education savings plan and dashboard as part of a bundled offering with a Betterment 401(k).

This new product is provided through a partnership with Ascensus, which will serve as plan administrator and manager. It will allow employers to offer 529 plans, support payroll direct deposits and provide a matching contribution, alongside Betterment's 401(k) and other benefits.

The automated investing platform first offered 529 college savings plans in February 2022 when it acquired Gradvisor to facilitate workplace participants’ investments. Gradvisor, the RIA spinoff of 529 information site SavingForCollege.com, provides customers with access to all directly sold 529 plans, according to its site. The platform gives employees investment recommendations and lets them invest through automatic payroll deposits.